

## **Information Services Board Briefing Paper on the Health Care Authority Insurance System Replacement Project**

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### **Description**

At its October 2002 Information Services Board meeting several members raised questions concerning the status of the Health Care Authority's (HCA) Insurance System Replacement Project (ISRP). ISRP is intended to replace current systems supporting both the Public Employee Benefit Board (PEBB) and Basic Health (BH) insurance lines of business.

### **Background**

HCA develops and administers health care benefit programs for two distinct populations. The first, the PEBB program, provides medical, dental, life, and long-term disability insurance for eligible public employees and retirees, and their dependents. The second, the BH program, provides affordable health care coverage to qualifying Washington State residents.

HCA uses two separate computer systems: PEBB was developed and is supported and maintained by the Department of Personnel (DOP), BH was developed and is supported and maintained by HCA. These systems perform HCA business operations including: eligibility determination, member enrollment, premium collection, and carrier payment. The current systems, designed and developed by different agencies prior to the merger of the Basic Health Plan and HCA, are unable to meet the changing needs of the agency. The systems are written in two different computer languages, use separate databases, contain two separate interfaces to many of the same insurance plans, and require redundant, separate maintenance and enhancements.

HCA completed a feasibility study in September 2000 that recommended moving to a single health insurance system to support both PEBB and BH insurance lines of business. The preferred alternative was to competitively procure application software and related implementation services. The feasibility study and corresponding decision package were approved by the ISB on September 29, 2000. The 2001 Legislature appropriated \$3.635 million for this initiative. The bid was awarded to Healthaxis, Inc. of Irving, Texas and the contract was signed on May 10, 2002.

### **Status**

This project is approximately two to four weeks behind schedule with little to no contingency left in the schedule.

### **Issues**

- Proposed software: the RFP was awarded to Healthaxis based on an evaluation of the functionality of its then current commercial off-the-shelf (COTS) system. As part of its bid response, Healthaxis proposed porting the system from a Unidata environment (previously known as Revelation) to web-based technology with a relational database; the result would be a new COTS system to replace the original.
- Schedule: HCA's deadline for implementation is June 30, 2003. HCA and Healthaxis must complete testing and begin training by May. To partially mitigate this risk, HCA

has identified processes that do not need to be in place by July 1, 2003 such as quarterly reporting and end of year close out.

- Impact on DOP's HR project: HCA and DOP have finalized the plan to decommission the PEBB system. If HCA must extend its use of the PEBB system at DOP past June 30, 2003, DOP personnel may not be available to begin working on the Civil Service Reform / Collective Bargaining (CSR/CB) project.
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- It was recommended and HCA has reviewed the leverage it has under the terms of the contract with Healthaxis.

**Recommendation**

DIS recommends that this project be elevated to a Level 3 project, subject to full Board oversight until all requirements are fully implemented. HCA shall also provide status reports at every Board meeting until the project is completed. Additionally, executives from Healthaxis should attend all ISB meetings with HCA to report their company's activities and answer any questions the Board members may have.